



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
FORMER LESLIE COUNTY SHERIFF**

Calendar Year 1998

**EDWARD B. HATCHETT, JR.
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EXECUTIVE SUMMARY

LESLIE COUNTY FORD BOWLING, FORMER SHERIFF CALENDAR YEAR 1998 FEE AUDIT

Ford Bowling, former Leslie County Sheriff, has a current deficit of \$34,186. The deficit is due to several reasons, which are detailed in the current deficit statement in the audit report. The deficit did not increase from calendar year 1997 to calendar year 1998. The former Sheriff has excess fees due to the fiscal court in the amount of \$20,431, due to commission's receivable from the 1997 tax account. The former Sheriff did not prepare a financial statement and did not send any quarterly reports to the Department for Local Government.

The audit report includes the following comments:

- Former Sheriff Ford Bowling Should Eliminate The Cumulative Deficit Of \$34,186 In His Official Bank Account
- Former Sheriff Ford Bowling Should Pay \$162,057 Of Excess Fees To The Fiscal Court
- The Fiscal Court Should Require Better Recordkeeping Of The Sheriff s Office
- Former Sheriff Ford Bowling Did Not Present An Annual Settlement To The Fiscal Court Nor Did He Publish An Annual Settlement In The Local Newspaper
- Former Sheriff Ford Bowling Should Have Submitted Quarterly Reports To The State Local Finance Officer
- Former Sheriff Ford Bowling Did Not Maintain Adequate Time Records For All Employees Of His Office
- Former Sheriff Ford Bowling Should Have Required Depository Institutions To Pledge Or Provide Additional Collateral And Should Have Entered Into A Written Agreement To Protect Deposits
- The Former Sheriff's Office Lacked A Proper Segregation Of Accounting Duties

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Edward B. Hatchett, Jr. Auditor of Public Accounts

To the People of Kentucky

Honorable Paul E. Patton, Governor

John P. McCarty, Secretary

Finance and Administration Cabinet

Mike Haydon, Secretary, Revenue Cabinet

Honorable Onzie Sizemore, Leslie County Judge/Executive

Honorable James F. Davidson, Leslie County Sheriff

Honorable Ford Bowling, Former Leslie County Sheriff

Members of the Leslie County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of receipts, disbursements, and excess fees of the former Sheriff of Leslie County, Kentucky, for the year ended December 31, 1998. This financial statement is the responsibility of the former Sheriff. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the former Sheriff was required to prepare the financial statement on a prescribed basis of accounting that demonstrates compliance with the cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than generally accepted accounting principles. This cash basis system does not require the maintenance of a general fixed asset group or general long-term debt group of accounts. Accordingly, the accompanying financial statement is not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and excess fees of the former Sheriff for the year ended December 31, 1998, in conformity with the basis of accounting described above.

Our audit was made for the purpose of forming an opinion on the financial statement taken as a whole. The schedule listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statement. Such information has been subjected to auditing procedures applied in the audit of the financial statement and, in our opinion, is fairly presented in all material respects in relation to the financial statement taken as a whole.

To the People of Kentucky
Honorable Paul E. Patton, Governor
John P. McCarty, Secretary
Finance and Administration Cabinet
Mike Haydon, Secretary, Revenue Cabinet
Honorable Onzie Sizemore, Leslie County Judge/Executive
Honorable James F. Davidson, Leslie County Sheriff
Honorable Ford Bowling, Former Leslie County Sheriff
Members of the Leslie County Fiscal Court

Based on the results of our audit, we have presented the accompanying comments and recommendations, included herein, which discuss the following areas of noncompliance:

- Former Sheriff Ford Bowling Should Eliminate The Cumulative Deficit Of \$34,186 In His Official Bank Account
- Former Sheriff Ford Bowling Should Pay \$162,057 Of Excess Fees To The Fiscal Court
- The Fiscal Court Should Require Better Recordkeeping Of The Sheriff's Office
- Former Sheriff Ford Bowling Did Not Present An Annual Settlement To The Fiscal Court Nor Did He Publish An Annual Settlement In The Local Newspaper
- Former Sheriff Ford Bowling Should Have Submitted Quarterly Reports To The State Local Finance Officer
- Former Sheriff Ford Bowling Did Not Maintain Adequate Time Records For All Employees of His Office
- Former Sheriff Ford Bowling Should Have Required Depository Institutions To Pledge Or Provide Additional Collateral And Should Have Entered Into A Written Agreement To Protect Deposits
- The Former Sheriff's Office Lacked A Proper Segregation Of Accounting Duties

In accordance with Government Auditing Standards, we have also issued a report dated May 31, 2000, on our consideration of the former Sheriff's compliance with certain laws and regulations and internal control over financial reporting.

Respectfully submitted,



Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
May 31, 2000

LESLIE COUNTY
FORD BOWLING, FORMER SHERIFF
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES

Calendar Year 1998

Receipts

Federal Grants-

U.S. Department of Forestry	\$	5,793	
Local Law Enforcement Block Grant		16,398	\$ 22,191

State Grants-

Lake Patrol	\$	9,064	
KLEFPF		3,688	12,752

State Fees For Services-

Finance and Administration Cabinet			5,020
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Circuit Court Clerk-

Sheriff Security Service	\$	6,985	
Fines and Fees Collected		1,284	8,269

County Clerk - Delinquent Taxes			7,604
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Fiscal Court			225
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Commission On Taxes Collected *			27,091
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Fees Collected For Services-

Auto Inspections	\$	1,805	
Serving Papers		9,480	
Transporting Prisoners		1,921	
Carrying Concealed Deadly Weapon Permits		2,610	15,816

Other-

Insurance Reimbursement	\$	8,798	
Miscellaneous		1,753	10,551

Interest			562
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Gross Receipts (Carried Forward)			\$ 110,081
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* Does not include 1997 tax commission rollback of \$93,346 due from current Sheriff.

LESLIE COUNTY
 FORD BOWLING, FORMER SHERIFF
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES
 Calendar Year 1998
 (Continued)

Gross Receipts (Brought Forward)	\$	110,081
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Disbursements

Operating Disbursements

Personnel Services-

Deputies Salaries	\$	102,903
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Contracted Services-

Advertising		150
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Vehicle Maintenance and Repairs		2,937
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Materials and Supplies-

Office Materials and Supplies		6,957
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Uniforms		1,165
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Other Charges-

Conventions and Travel		150
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Dues		60
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Postage		458
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Utilities		2,596
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Radio		363
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Petty Cash Expenditures		3,691
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Carrying Concealed Deadly Weapon Permits		1,295
--	--	-------

Miscellaneous		11,290
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Bank Charges		255
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Total Disbursements		<u>134,270</u>
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Net Receipts	\$	(24,189)
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Less: Statutory Maximum Sheriff Salary		<u>48,726</u>
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Funds Needed For Office Disbursements	\$	(72,915)
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Tax Commission Rollback Due From Current Sheriff		<u>93,346</u>
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Excess Fees Due County for Calendar Year 1998	\$	<u><u>20,431</u></u>
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The accompanying notes are an integral part of the financial statement.

LESLIE COUNTY
NOTES TO FINANCIAL STATEMENT

December 31, 1998

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

The financial statement has been prepared on a cash basis of accounting pursuant to KRS 68.210 as recommended by the State Local Finance Officer. Revenues and related assets are generally recognized when received rather than when earned. Certain expenses are recognized when paid rather than when a liability is incurred, including capital asset purchases. Certain other expenses are recognized when a revenue and the related asset can be associated with a corresponding liability due another governmental entity.

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year. A cumulative schedule of excess of liabilities over assets is included in this report as a supplemental schedule. The schedule indicates the cumulative effect of prior year deficits under the respective fee official.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system that covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 8.65 percent.

LESLIE COUNTY COUNTY
 NOTES TO FINANCIAL STATEMENT
 December 31, 1998
 (Continued)

Note 2. Employee Retirement System (Continued)

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report which is a matter of public record.

Note 3. Deposits

The former Sheriff maintained deposits with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to law, the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision should be evidenced by an agreement that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. As of February 11, 1998, the uncollateralized amount on deposit was \$251,195. The pledged or provided collateral and FDIC insurance did not equal or exceed the amount on deposit. In addition, the former Sheriff did not have a written agreement with the depository institution.

The county official's deposits are categorized below to give an indication of the level of risk assumed by the county official as of February 11, 1998.

	<u>Bank Balance</u>
Collateralized with securities held by pledging depository institution in the county official's name	\$ 1,255,000
Uncollateralized and uninsured	<u>251,195</u>
Total	<u>\$ 1,506,195</u>

Note 4. Criminal Indictment And Civil Action

On October 4, 1995, a three count indictment (95-CR-00056) was returned by the Leslie County Grand Jury charging former Leslie County Sheriff Ford Bowling with failing to properly account for and disburse tax money collected by his office. The indictment was dismissed without prejudice on January 26, 1998. On February 28, 1996, a civil action (96-CI-00043) was filed by the Leslie County fiscal court and other taxing districts against former Sheriff Bowling and his bonding companies. The civil action asks for a judgment that the appropriate amount of tax money, advertising costs, interest, and fees due and owing be paid to each taxing district and that excess fees due the fiscal court be paid. No court date has been set.

LESLIE COUNTY
FORD BOWLING, FORMER SHERIFF
SCHEDULE OF EXCESS OF LIABILITIES OVER ASSETS

December 31, 1998

Assets

Cash in Bank		\$	9,804
Deposits in Transit			4,416
Receivables:			
1995 Tax Account-			
Tax Account Bank Loan Repaid			
From 1997 Fee Account			6,000
1997 Tax Commission Rollback Due From Current Sheriff			93,346
Interest Due From Property Tax Account-			
1996 Taxes	\$	2,375	
1995 Taxes		2,180	
1994 Taxes		3,600	
1993 Taxes		3,944	
1992 Taxes		2,527	
1990 Taxes		3,497	
1988 Taxes		3,850	21,973
Sheriff's Fees Due From Property Tax Account-			
1996 Taxes	\$	160	
1995 Taxes		214	
1994 Taxes		75	
1993 Taxes		75	
1992 Taxes		66	
1991 Taxes		156	
1990 Taxes		112	
1988 Taxes		85	943
Commissions Due From Property Tax Account-			
1995 Taxes	\$	545	
1994 Taxes		10,308	
1993 Taxes		1,744	
1992 Taxes		1,139	
1991 Taxes		2,931	
1990 Taxes		1,792	
1988 Taxes		1,135	19,594

LESLIE COUNTY
 FORD BOWLING, SHERIFF
 SCHEDULE OF EXCESS OF LIABILITIES OVER ASSETS
 December 31, 1998
 (Continued)

Receivables: (Continued)

Commissions Due From Unmined Coal Tax Account-			
1995 Unmined Coal Taxes	\$	1,482	
1994 Unmined Coal Taxes		1,187	
1992 and 1993 Unmined Coal Taxes		472	
1991 Unmined Coal Taxes		352	
1990 Unmined Coal Taxes		8	
1988 Unmined Coal Taxes		<u>3,508</u>	\$ 7,009
Interest Due From Unmined Coal Tax Account-			
1995 Unmined Coal Taxes	\$	147	
1994 Unmined Coal Taxes		1,259	
1993 and 1992 Unmined Coal Taxes		<u>145</u>	1,551
Advertising Fees Due From Unmined Coal Tax Account-			
1995 Unmined Coal Taxes	\$	8	
1994 Unmined Coal Taxes		<u>20</u>	28
Commissions Due From School-			
1992 Taxes			<u>1,279</u>
Total Assets			<u>\$ 165,943</u>

Liabilities

Outstanding Checks			\$ 11,281
Obligations Paid After December 31, 1998-			
Carrying Concealed Deadly Weapon Permit	\$	200	
Telephone Expenses		27	
Petty Cash Items		341	
Payroll		<u>1,896</u>	\$ 2,464
Unpaid Obligations:			
Leslie County-			
Excess Fees-1998	\$	20,431	
Excess Fees-1996		8,348	
Excess Fees-1995		63,230	
Excess Fees-1994		42,223	
Excess Fees-1993		10,734	
Excess Fees-1992		5,988	
Excess Fees-1991		1,612	
Excess Fees-1990		3,418	
Excess Fees-1989		3,564	
Excess Fees-1987		<u>2,509</u>	\$ 162,057

LESLIE COUNTY
 FORD BOWLING, SHERIFF
 SCHEDULE OF EXCESS OF LIABILITIES OVER ASSETS
 December 31, 1998
 (Continued)

Leslie County Board of Education-		
1990 Tax Commissions Reimbursed to Sheriff		
But Never Paid To School Board	\$	1,026
1996 Unmined Coal Tax Account-		
Interest Overpayment		4,696
1996 Tax Account-		
Commission Overpayment		4,591
1991 Tax Account-		
Interest Overpayment		2,395
Ford Bowling, Leslie County Sheriff-		
1992 Salary Due Sheriff		1,838
1993 and 1992 Unmined Coal Tax Account-		
Correction of Deposit Made in Error		8,569
Unmined Coal Tax Account-		
Reimbursement for Payroll Taxes Paid		<u>1,212</u>
Total Unpaid Obligations	\$	<u>188,848</u>
Total Liabilities	\$	<u>200,129</u>
Total Fund Deficit as of December 31, 1998	\$	<u>(34,186)</u>

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COMMENTS AND RECOMMENDATIONS

LESLIE COUNTY
FORD BOWLING, FORMER SHERIFF
COMMENTS AND RECOMMENDATIONS

Calendar Year 1998

STATE LAWS AND REGULATIONS:

1. Former Sheriff Ford Bowling Should Eliminate The Cumulative Deficit Of \$34,186 In His Official Bank Account

Based on available records, there was a cumulative deficit of \$34,186 in former Sheriff Ford Bowling's official bank account as of December 31, 1998. The deficit is primarily due to spending \$24,168 in excess of net receipts for calendar year 1997, disallowed disbursements of \$1,018 for calendar year 1997, and \$9,000 prior years' tax commissions not deposited to Sheriff's fee account. We recommend the following transactions be made to closeout the former Sheriff's fee account.

The former Sheriff needs to deposit these collections and make the following payments:

Deposits

Tax Commission Rollback Due From Current Sheriff	\$ 93,346
Net Transfer Due From Property Tax Account	41,524
Net Collection Due From School Board	253
Balance Due From Former Sheriff's Personal Funds	<u>34,186</u>
Total Deposits	<u>\$ 169,309</u>

Payments

Leslie County Fiscal Court Excess Fees	\$ 162,057
Net Transfer To Unmined Coal Tax Account	5,889
Additional Salary Due Former Sheriff For 1992	<u>1,838</u>
Total Payments	<u>\$ 169,784</u>

The deposits of \$169,309, combined with the available fee account cash of \$475, will make available \$169,784 of cash for the payments listed above.

We note the fiscal court's responsibility under KRS 64.820(2) to collect amounts due the county from the former sheriff. In the event the fiscal court cannot collect the amount due the county from the former Sheriff without suit, the fiscal court shall then direct the county attorney to institute suit for collection of the amount reported by the auditor or certified public accountant to be due the county within ninety days from the date of receiving the auditor's or certified public accountant's report.

Former Sheriff Ford Bowling's Response:

No comment.

LESLIE COUNTY
 FORD BOWLING, FORMER SHERIFF
 COMMENTS AND RECOMMENDATIONS
 Calendar Year 1998
 (Continued)

2. Former Sheriff Ford Bowling Should Pay \$162,057 Of Excess Fees To The Fiscal Court

Former Sheriff Ford Bowling owes excess fees for the following years:

1998	\$	20,431
1996		8,348
1995		63,230
1994		42,223
1993		10,734
1992		5,988
1991		1,612
1990		3,418
1989		3,564
1987		<u>2,509</u>
Total	\$	<u>162,057</u>

KRS 134.310 requires the Sheriff's office to make a settlement of excess fees with the fiscal court when he presents his tax settlement. We recommend former Sheriff Bowling pay excess fees promptly. These excess fees have been included as payments due in comment number one. On February 28, 1996, a civil action was filed by the Leslie County fiscal court against former Sheriff Bowling. The civil action asks for a judgment that the appropriate amount of tax money, advertising costs, interest, and fees due and owing be paid to each taxing district and that excess fees due the fiscal court be paid. We note that this civil action covers issues relating to 1987 through 1993 fee years. Since that time, our audits have revealed additional excess fees due. We recommend the fiscal court take action to resolve additional amounts as reported in our audits.

Former Sheriff Ford Bowling's Response:

I disagree with these figures.

3. The Fiscal Court Should Require Better Recordkeeping Of The Sheriff's Office

Under authority of KRS 68.210, the State and Local Finance Officer has established the Uniform System of Accounts which requires the maintenance of a receipts and disbursements ledger and that monthly bank reconciliations be made. Furthermore, KRS 67.080(1)(d) states the fiscal court may cause correct accounts and records to be kept of all receipts and disbursements of public funds of the county. Former Sheriff Ford Bowling did not make daily deposits of receipts collected by his office and he did not post all deposits to the receipts ledger and all disbursements to the disbursements ledger. Furthermore, the former Sheriff did not reconcile his monthly bank statements to his cash receipts and disbursements ledgers. We recommend the Sheriff's office make daily deposits of receipts collected, comply with the Uniform System of Accounts by reconciling monthly bank account activity to the receipts and disbursements ledgers, and post all receipts and disbursements to the ledgers. We also recommend the fiscal court comply with KRS 67.080(1)(d) by causing the Sheriff's office to maintain correct accounts and records of all receipts and disbursements of the office.

LESLIE COUNTY
FORD BOWLING, FORMER SHERIFF
COMMENTS AND RECOMMENDATIONS
Calendar Year 1998
(Continued)

3. The Fiscal Court Should Require Better Recordkeeping Of The Sheriff's Office (Continued)

Former Sheriff Ford Bowling's Response:

No comment.

4. Former Sheriff Ford Bowling Did Not Present An Annual Settlement To The Fiscal Court Nor Did He Publish An Annual Settlement In The Local Newspaper

Former Sheriff Ford Bowling did not present an annual financial statement to the fiscal court nor did he publish an annual settlement in the local newspaper. KRS 134.310 requires the Sheriff to present an annual settlement to the fiscal court. KRS 424.220 requires the Sheriff to publish an annual financial statement within 60 days after the close of the calendar year. We recommend the Sheriff's office comply with KRS 134.310 and KRS 424.220 by presenting an annual settlement to the fiscal court and by having this annual settlement published.

Former Sheriff Ford Bowling's Response:

No comment.

5. Former Sheriff Ford Bowling Should Have Submitted Quarterly Reports To The State Local Finance Officer

Former Sheriff Ford Bowling did not submit quarterly reports to the State Local Finance Officer for calendar year 1998. KRS 68.210 gives the State Local Finance Officer the authority to require all local government officials to submit financial reports as he may deem proper. The fee officials are required to submit quarterly financial reports. KRS 68.990 states, in part, "Any local government official who fails to submit a financial report requested by the State Local Finance Officer . . . shall, fifteen (15) days after written notice of noncompliance by the state local finance officer, be fined \$250 per day until compliance." We recommend the Sheriff's office submit quarterly financial reports as required by the State Local Finance Officer.

Former Sheriff Ford Bowling's Response:

No comment.

6. Former Sheriff Ford Bowling Did Not Maintain Adequate Time Records For All Employees Of His Office

Former Sheriff Ford Bowling did not maintain adequate time records for employees of his office. KRS 337.320 states " . . . every employer shall keep a record of the amount paid each pay period to each employee and the hours worked each day and each week by each employee." The former Sheriff did not maintain formal records of the hours worked each day and each week by each employee. We recommend the Sheriff's office comply with KRS 337.320 by maintaining adequate records for all employees.

Former Sheriff Ford Bowling's Response:

No comment.

LESLIE COUNTY
FORD BOWLING, FORMER SHERIFF
COMMENTS AND RECOMMENDATIONS
Calendar Year 1998
(Continued)

7. Former Sheriff Ford Bowling Should Have Required Depository Institutions To Pledge Or Provide Additional Collateral And Should Have Entered Into A Written Agreement To Protect Deposits

Former Sheriff Ford Bowling's deposits were not adequately secured by \$251,195 as of February 11, 1998. Under provisions of KRS 66.480(1)(d) and KRS 41.240(4), banks are required to pledge or provide collateral for interest-bearing and noninterest-bearing deposits if either exceeds the \$100,000 amount of insurance coverage provided by the Federal Deposit Insurance Corporation. The Sheriff's office should require the depository institution to pledge sufficient collateral to secure deposits at all times. We also recommend the Sheriff's office enter into a written agreement with the depository institution. According to federal law, 12 U.S.C.A. § 1823(e), this agreement should be (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution.

Former Sheriff Ford Bowling's Response:

The bank promised to take care of this.

INTERNAL CONTROL – REPORTABLE CONDITION AND MATERIAL WEAKNESS:

1. The Former Sheriff's Office Lacked A Proper Segregation Of Accounting Duties

We conclude the internal control structure lacked a proper segregation of duties. There was limited staff, which prevented an adequate division of responsibilities. The Sheriff had statutory authority to assume the role as custodian of monetary assets, as well as recorder of transactions and preparer of financial statements. We recognize the extent of segregation of duties is a judgement established by management. We also recognize this judgement is affected by certain circumstances beyond the elected official's control, such as functions prescribed by statutes and regulations and by budgetary constraints. Due to limited staff, proper segregation of duties may be impossible. However, the lack of adequate segregation of duties is hereby noted as a reportable condition and material weakness pursuant to professional auditing standards.

Former Sheriff Ford Bowling's Response:

We didn't have enough people to take care of this.

LESLIE COUNTY
FORD BOWLING, FORMER SHERIFF
COMMENTS AND RECOMMENDATIONS
Calendar Year 1998
(Continued)

PRIOR YEAR:

- Former Sheriff Ford Bowling Should Eliminate The Cumulative Deficit Of \$34,186 In His Official Bank Account
- Former Sheriff Ford Bowling Should Pay \$141,626 Of Excess Fees To The Fiscal Court
- The Fiscal Court Should Require Better Record Keeping Of The Sheriff's Office
- Former Sheriff Ford Bowling Did Not Present An Annual Settlement To The Fiscal Court Nor Did He Publish An Annual Settlement In The Local Newspaper
- Former Sheriff Ford Bowling Should Have Required Depository Institutions To Pledge Or Provide Sufficient Collateral And Should Have Entered Into A Written Agreement To Protect Deposits
- Former Sheriff Ford Bowling Should Have Submitted Quarterly Reports To The State Local Finance Officer
- Former Sheriff Ford Bowling Did Not Maintain Adequate Time Records For All Employees Of His Office
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REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



Edward B. Hatchett, Jr.
Auditor of Public Accounts

Honorable Onzie Sizemore, Leslie County Judge/Executive
Honorable James F. Davidson, Leslie County Sheriff
Honorable Ford Bowling, Former Leslie County Sheriff
Members of the Leslie County Fiscal Court

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards

We have audited the former Leslie County Sheriff as of December 31, 1998, and have issued our report thereon dated May 31, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the former Leslie County Sheriff's financial statement as of December 31, 1998, is free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards which are described in the accompanying comments and recommendations.

- Former Sheriff Ford Bowling Should Eliminate The Cumulative Deficit Of \$34,186 In His Official Back Account
- Former Sheriff Ford Bowling Should Pay \$162,057 Of Excess Fees To The Fiscal Court
- The Fiscal Court Should Require Better Recordkeeping Of The Sheriff's Office
- Former Sheriff Ford Bowling Did Not Present An Annual Settlement To The Fiscal Court Nor Did He Publish An Annual Settlement In The Local Newspaper
- Former Sheriff Ford Bowling Should Have Submitted Quarterly Reports To The State Local Finance Officer

Honorable Onzie Sizemore, Leslie County Judge/Executive
Honorables James F. Davidson, Leslie County Sheriff
Honorables Ford Bowling, Former Leslie County Sheriff
Members of the Leslie County Fiscal Court
Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards
(Continued)

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the former Leslie County Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statement. Reportable conditions are described in the accompanying comments and recommendations.

- The Fiscal Court Should Require Better Recordkeeping Of The Sheriff's Office
- Former Sheriff Ford Bowling Did Not Present An Annual Settlement To The Fiscal Court Nor Did He Publish An Annual Settlement In The Local Newspaper
- Former Sheriff Ford Bowling Should Have Submitted Quarterly Reports To The State Local Finance Officer
- The Former Sheriff's Office Lacked A Proper Segregation Of Accounting Duties

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider the following to be material weaknesses:

- The Fiscal Court Should Require Better Recordkeeping Of The Sheriff's Office
- Former Sheriff Ford Bowling Did Not Present An Annual Settlement To The Fiscal Court Nor Did He Publish An Annual Settlement In The Local Newspaper
- Former Sheriff Ford Bowling Should Have Submitted Quarterly Reports To The State Local Finance Officer
- The Former Sheriff's Office Lacked A Proper Segregation Of Accounting Duties

Honorable Onzie Sizemore, Leslie County Judge/Executive
Honorable James F. Davidson, Leslie County Sheriff
Honorable Ford Bowling, Former Leslie County Sheriff
Members of the Leslie County Fiscal Court
Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards
(Continued)

This report is intended for the information of management. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
May 31, 2000

